

REPORT OF THE EXECUTIVE OFFICER
State Allocation Board Meeting, August 27, 2008

SCHOOL FACILITY PROGRAM
ACCESSIBILITY AND FIRE CODE REQUIREMENTS ON MODERNIZATION PROJECTS

PURPOSE OF REPORT

To report on the options available for the modernization accessibility and fire code grant allowance in the School Facility Program (SFP).

BACKGROUND

Under SFP Regulation Section 1859.83(f), a modernization project is eligible for an amount equal to three percent of the modernization base grant for accessibility and fire code requirements. A report presented by the Division of the State Architect (DSA) at the May 2006 State Allocation Board (SAB) meeting indicated that the three percent increase to the base grant may be insufficient to fund the minimum work necessary for districts to meet accessibility and fire code requirements.

At the August 2006 SAB meeting, the Board approved regulation amendments to provide school districts a trial with the option to choose an allowance based upon either three percent of the base grant (three percent option) or sixty percent of the minimum work (60 percent option) necessary to meet accessibility and fire code requirements. For each option, a cost estimate must be submitted by the architect and reviewed by the DSA. Staff was requested to report back with findings and recommendations after a year. The amended regulation became effective April 25, 2007. The applications received after the effective date of the amended regulation were apportioned starting August 2007. Staff is reporting back to the Board with one full year of data from August 2007 to July 2008.

STAFF COMMENTS

From August 2007 to July 2008, 200 modernization applications received a grant apportionment to meet accessibility and fire code requirements. Using the 12 months of data, Staff conducted an analysis and identified the following findings.

1) *Significant Increase of Projects Selecting the 60 Percent Option*

At the August 2007 SAB meeting, all 11 modernization applications that received the accessibility and fire code allowance chose the three percent option. At the July 2008 SAB meeting, 32 or 78 percent of the 41 modernization applications took advantage of the 60 percent option for their accessibility and fire code requirement work. In total, 126 or 63 percent of the 200 modernization applications receiving the accessibility and fire code allowance under the excessive cost hardship selected the 60 percent option over the past year. Figure 1 shows the significant increase in the number of modernization projects selecting the 60 percent option over time. There is a clear trend of school districts adopting the 60 percent option.

STAFF COMMENTS (cont.)

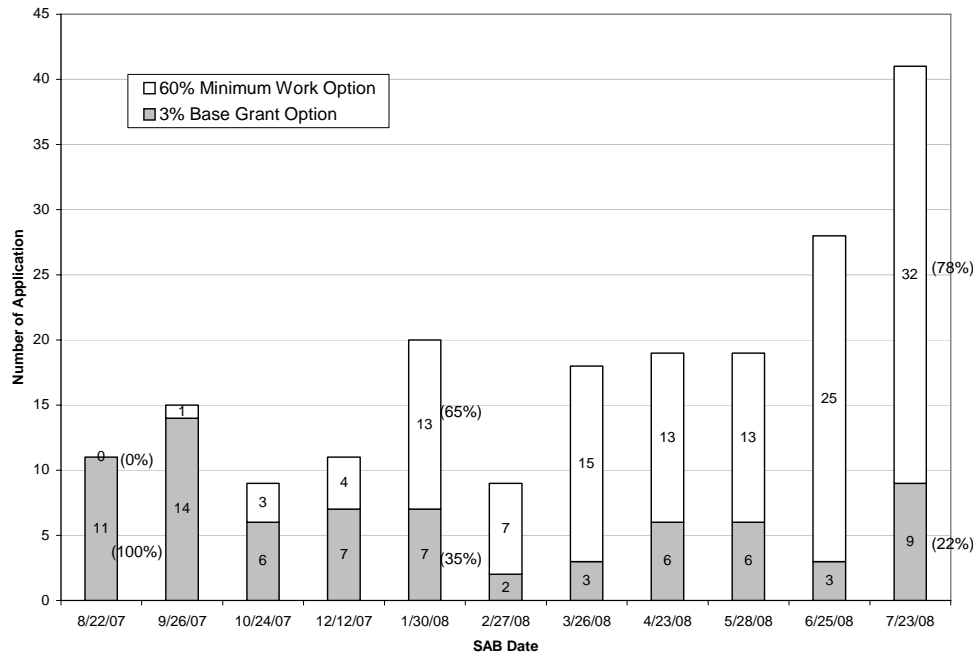


Figure 1: Number of applications choosing the accessibility and fire code allowance options

2) More Grant Allowance Apportioned to Projects under the 60 Percent Option

From August 2007 to July 2008, the Board apportioned \$34 million for the accessibility and fire code allowance under the excessive cost hardship. Figure 2 illustrates that \$30.5 million, or 90 percent, was allotted to the projects choosing the 60 percent option and only \$3.5 million, or 10 percent, was allotted to the projects selecting the three percent option. Using only the three percent option, the SAB would have allocated \$8.5 million, versus \$34 million, for the minimum work necessary for accessibility and fire code requirements. When school districts demonstrate the need for extensive accessibility and fire code improvements, the 60 percent option appears to provide a substantial grant increase over the three percent option. The average apportionment of the three percent option was \$63,901 per project, compared to \$241,855 per project of the 60 percent option.

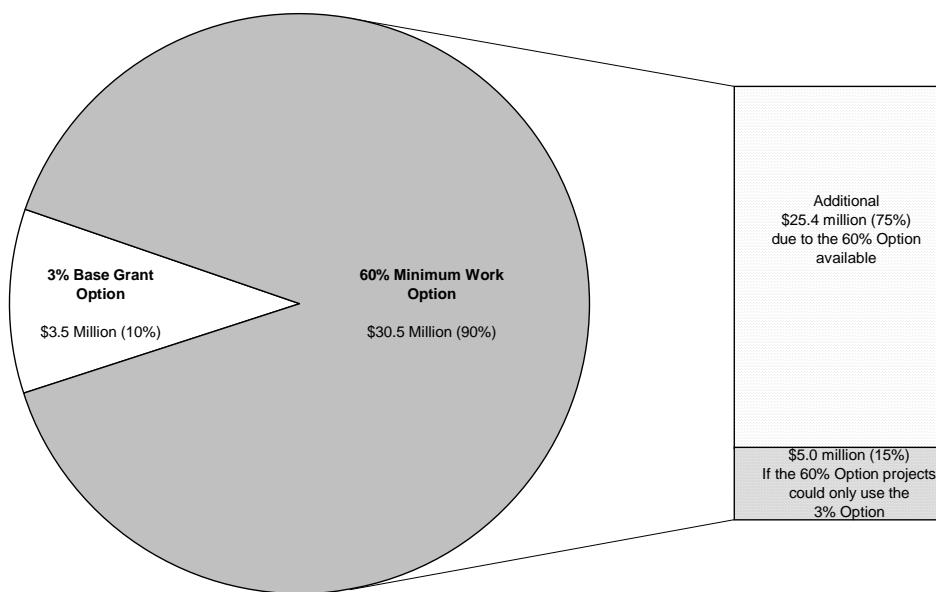


Figure 2: Total of \$34 million apportioned for the accessibility and fire code allowance options

STAFF COMMENTS (cont.)

The trial can be considered a success. The 60 percent option is substantially more popular than the alternative. This approach delivers more funding for accessibility and fire code compliance where it is needed. With the 60 percent option, the minimum work necessary for accessibility and fire code requirements can proceed. Also, the 60 percent option enables school districts to do more than accessibility and fire code compliance in their projects.

RECOMMENDATIONS

1. Accept this report.
2. Request Staff report back to the Board with proposed amendments to permanently replace the three percent option with the 60 percent option for accessibility and fire code requirements.